



Submitted to the
Board of Supervisors

by
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and
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2010-11 Proposed Budget (\$ in Billions)



Fund	FY09-10 Adopted Budget	FY10-11 Proposed Budget	Change From Budget	% Change From Budget
Total General County	\$ 18.490	\$ 17.654	\$ -0.836	-4.5%
Special Funds/Districts	5.116	5.067	-0.049	-1.0%
Total Budget	\$ 23.606	\$ 22.721	\$ -0.885	-3.7%
Budgeted Positions	101,113.0	99,739.0	-1,374.0	-1.4%

Proposed Budgetary Overview



- The 2010-11 Proposed Budget is shaped largely by the impact of the deep and painful recession.
- The nation, California, and the County continue to struggle with what has been the worst recession since the Great Depression. The root causes of the recession, the troubles in the real estate and financial sectors, continue to hamper employment growth and consumer spending. Unemployment rate for the County increased to 12.4 percent in February 2010, up from 10.9 percent a year ago.
- The mainstream view for the near-term outlook for the nation and California shows the economic downturn has probably hit bottom and slow or modest growth will probably occur. Unfortunately, continued high unemployment rates are projected at least through 2011.
- The Proposed Budget does not account for any major State or federal budget impacts.

Proposed Budgetary Overview



- For the second year in a row, the Assessor is projecting a decline in assessed property valuation of 2.7 percent. Since the Assessor's forecast is preliminary, and there are early signs that the housing market is improving, a two percent (2%) decline was utilized as the basis of the property tax projection. This resulted in a \$118.3 million reduction in property tax revenue from the current-year budgeted level. The Assessor's latest projection revised the decline in assessed property valuation from 2.7 percent to 2.18 percent.
- The rise of unemployment has continued to swell the ranks of those seeking public assistance from the County, causing caseloads and costs to increase accordingly.

Proposed Budgetary Overview

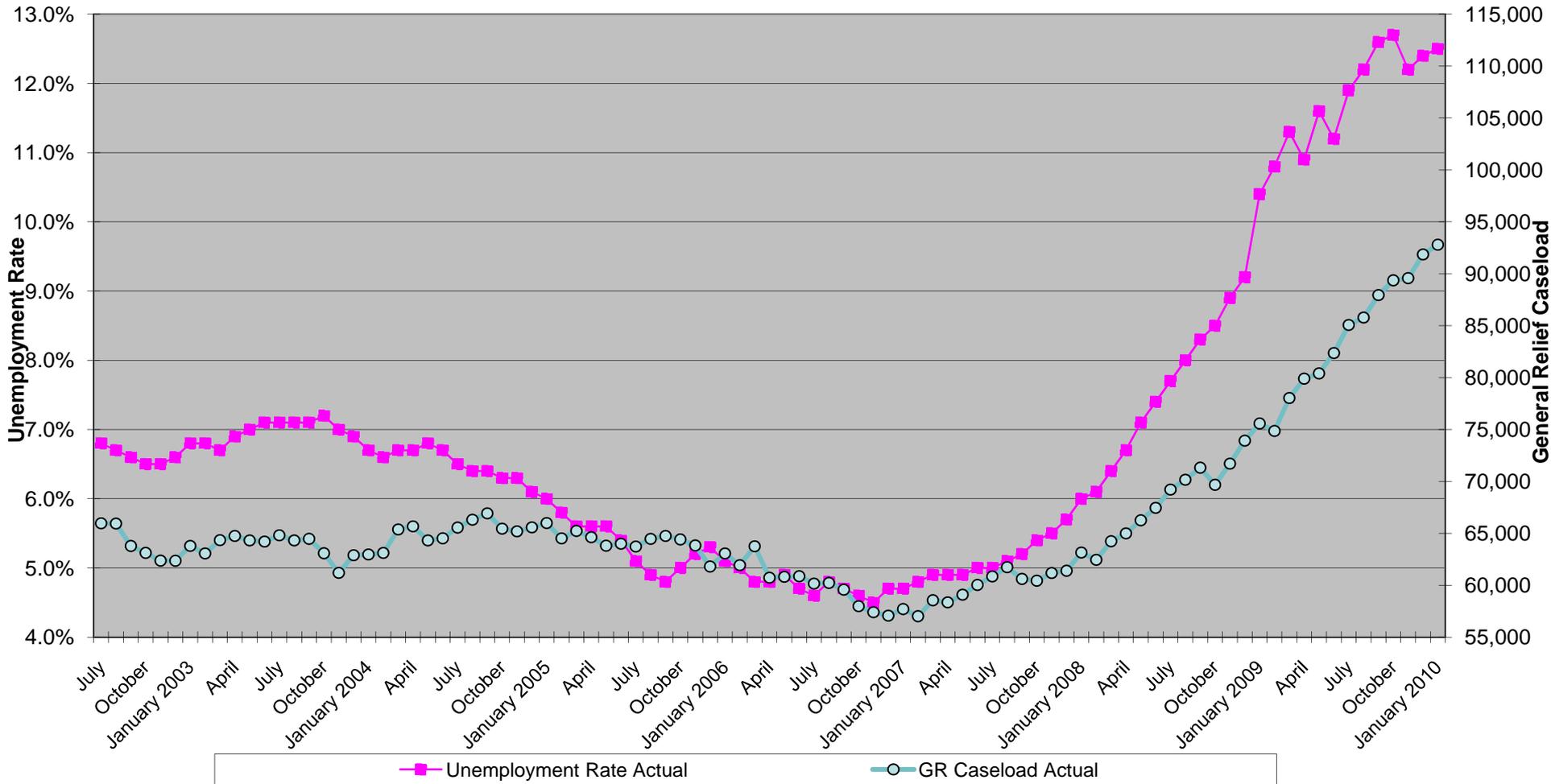


Public Assistance Program	FY 09-10 Adopted Budget	FY 10-11 Proposed Budget	Change from FY 09-10 Adopted	% Change from FY 09-10 Adopted
General Relief Caseload Per Month	84,061	94,690	10,629	+12.6%
General Relief NCC	\$ 198,972,000	\$ 226,081,000	\$ 27,109,000	+13.6%
In Home Supportive Services Caseload Per Month	186,219	196,409	10,190	+5.5%
In Home Supportive Services NCC	\$ 260,260,000	\$ 274,520,000	\$ 14,260,000	+5.5%

COMPARISON: LA Unemployment Rate and LA GR Caseload (Jul 2002 – Jan 2010)



COMPARISON: LA Unemployment Rate (July 2002 - January 2010 Actual) and LA GR Caseload (July 2002 - January 2010 Actual)



Financing Assumptions - Locally Generated Revenues



Major Revenue Source	FY 09-10 Adopted Budget	FY 10-11 Proposed Budget	Change from FY 09-10 Adopted	% Change from FY 09-10 Adopted
Property Tax	\$ 3.789 billion	\$ 3.671 billion	- \$118.3 million	-3.1%
Local Sales Tax	\$ 40.4 million	\$ 37.5 million	- \$2.9 million	-7.2%
Public Safety Augmentation (Prop 172 Sales Tax)	\$ 572.7 million	\$ 519.0 million	- \$53.7 million	-9.4%
Realignment Sales Tax (Social Services Only)	\$ 418.9 million	\$ 383.8 million	- \$35.1 million	-8.4%
Deed Transfer Tax	\$ 35.4 million	\$ 40.2 million	+ \$4.8 million	+13.6%



2010-11 NCC Budget Gap (Totaling \$510.5 Million)

- ✓ Revenue Reductions - \$221.5 million
- ✓ Assistance Caseload - \$145.9 million
- ✓ Unavoidable Cost Changes - \$130.9 million
- ✓ Net Program Cost Changes - \$12.2 million

2010-11 NCC Budget Gap Solutions (Totaling \$510.5 Million)

- ✓ Ongoing Departmental Reductions - \$175.2 million
- ✓ Ongoing Revenue Solutions - \$13.0 million
- ✓ One-Time Bridge Funding - \$167.2 million
- ✓ Labor-Management Savings - \$115.0 million
- ✓ Extension of the FMAP (Federal Medical Assistance Percentage) Rate Increase - \$40.1 million



Major changes included in the FY 10-11 Proposed Budget include:

Public Defender

- Reduction of \$4.0 million and the elimination of 18.0 budgeted positions, as well as \$0.5 million in ongoing revenue increases. This results in an overall funding reduction of \$4.5 million.

District Attorney

- Reduction of \$3.6 million and the elimination of 25.0 budgeted positions.



Major changes included in the FY 10-11 Proposed Budget include:

Sheriff

- Reduction of \$128.0 million over a 16-month period, beginning in March 2010, which includes the elimination of 214.0 budgeted positions from downsizing the Pitchess Detention Center, the deletion of 300.0 vacant deputy sheriff positions throughout the department, and a reduction in the department's overtime budget.
- Consolidated the Office of Public Safety with the Sheriff's Department as approved by the Board of Supervisors on December 15, 2009.



Major changes included in the FY 10-11 Proposed Budget include:

Animal Care and Control

- Reduction of \$0.9 million and the elimination of 9.0 vacant budgeted positions.

Public Library

- Reduction of \$4.8 million and the elimination of 9.0 budgeted positions to address both the County's budget gap as well as the Library's own budget gap. This reduction in funding will reduce library service hours at selected libraries and eliminate the adult literacy program.



Major changes included in the FY 10-11 Proposed Budget include:

Health

- A \$362.4 million placeholder reduction. The Department is developing proposals to address the structural deficit in their operating budget.

Katie A. Settlement Agreement

- Increased funding to provide continued implementation of the Board-approved Kate A. Strategic Plan.

Public Health

- Reduction of \$7.9 million and the elimination of 81.0 budgeted positions to address both the County's budget gap along with the department's own budget gap.
- An increase of \$7.0 million in State and federal grant funding to support therapeutic monitoring, counseling and testing, prevention, education and the AIDS Drug Assistance Program.



Major changes included in the FY 10-11 Proposed Budget include:

Children and Family Services

- Reduction of \$4.4 million in various programmatic areas in the Department's administrative budget.
- A \$1.3 million increase in appropriation that is fully offset with State revenue for child care (\$1.2 million) and kinship support services (\$0.1 million).



Major changes included in the FY 10-11 Proposed Budget include:

Public Social Services

- Reduction of \$7.4 million and the elimination of 383.0 budgeted positions in the Department's administrative budget that will impact a variety of programs administered by the department.
- CalWORKs program increases of \$151.7 million that is offset with State and federal revenue of \$148.0 million, which primarily addresses caseload increases of 14.2 percent and program changes.
- A \$42.1 million increase for the Transitional Subsidized Employment program and other programs and costs eligible under the Emergency Contingency Fund that is fully offset with federal stimulus funds in the Department's administrative budget.



Major changes included in the FY 10-11 Proposed Budget include:

Assessor

- Reduction of \$7.9 million and the elimination of 22.0 budgeted positions that will impact roll services, appraisals and information technology projects. For Final Changes, the Assessor will identify an appropriate funding source to minimize the impact on the appraisal process, with an emphasis on eliminating the backlog in new construction appraisals.

Registrar-Recorder/County Clerk

- Elimination of 32.0 budgeted positions and \$1.7 million reduction in funding. In addition, a significant portion of one-time bridge funding provided in FY 2009-10 is no longer needed as recorder revenue receipts have increased.

Capital Projects Summary



- The Proposed 2010-11 Capital Projects/Refurbishments Budget appropriates \$1.3 billion for continued development, design, and construction of projects that address high-priority health, public safety, recreation, and infrastructure needs, and reflects a decrease of \$119.3 million in appropriation from the 2009-10 Final Adopt Budget, due to the completion of 78 projects in 2009-10. The Budget includes the following:
 - \$468.8 million for public protection facilities
 - \$213.6 million for recreational facilities
 - \$153.4 million for general government facilities
 - \$300.3 million for health, public health, and mental health facilities
 - \$57.0 million for construction of new or replacement libraries and refurbishment of the historic Bob Hope Patriotic Hall.
 - \$128.9 million for high-priority infrastructure improvements in the County's flood control and aviation facilities, soil and groundwater investigation and remediation activities, and watershed testing efforts.

Capital Projects Summary



- The Proposed 2010-11 Capital Projects/Refurbishments Proposed Budget reflects the County's commitment to environmental sustainability and the County's goal of a 20 percent reduction in energy and resource consumption at County facilities by 2015.
 - The incorporation of sustainable design technologies into 139 of the County's 304 active building or refurbishment related projects (45.7 percent).
 - The active pursuit of Leadership in Energy and Environmental Design certification.



Labor-Management Solutions

- The Chief Executive Office's Employee Relations staff is working cooperatively with County labor unions on potential budget gap solutions. Anticipated savings of \$115.0 million was set aside in the central Employee Benefits' budget unit as a placeholder adjustment. The Final Changes letter will address the allocation of the necessary funds associated with this issue.
- To the extent the County is unable to negotiate meaningful solutions with labor, other recommendations including deeper curtailments and service reductions may be proposed.

State Budget Potential Impacts



- The County could lose \$188.9 million from the Governor's FY 2010-11 Proposed Budget plus a projected \$1.26 billion in additional reductions, if the State does not receive increased federal funds from the Governor's proposed restructuring of the "Federal-State relationship." The overall County impact is estimated to be \$1.45 billion.
- The State Budget situation remains very fluid and recommendations to align the County budget with the State Budget are being deferred until later when the State's situation becomes clearer.

Federal Budget Potential Impacts



- The President's Federal Fiscal Year (FYY) 2011 budget, which will begin on October 1, 2010, includes a six-month extension of FMAP increase for Medicaid and Title IV-E foster care and adoption assistance, which was enacted in the American Recovery and Reinvestment Act (ARRA). Current extension of the FMAP rate increase expires on December 31, 2010. Although the extension of the FMAP rate increase for the entire FY 2010-11 is still pending, given the likelihood of its passage, this assumption has been included in the County's budget projections.
- ARRA included authorization for the issuance of several types of bonds to promote economic growth through unique financing incentives for State and local capital improvements. Authorization to issue these bonds expires on December 31, 2010. The County plans to fully utilize the following bonds to finance qualifying health, justice, government, and renewable energy projects in FY 2010-11:
 - **Build America Bonds (BAB):** Taxable bonds to finance capital expenditures and certain issuance costs related to governmental, public purpose projects, with a federal subsidy of 35 percent of the interest paid to investors, and no limit on the amount that can be issued.

Federal Stimulus Budget Impact



- **Qualified Energy Conservation Bonds:** Taxable bonds to finance public capital improvements that will reduce energy consumption by 20 percent in governmental buildings or expand the use of renewable energy sources and other alternative to fossil fuel technologies. The County is authorized to issue \$11.7 million for qualified private sector projects and \$27.3 million to finance public, governmental projects.
- **Recovery Zone Economic Development Bonds:** Taxable bonds, with a federal subsidy of 45 percent of interest payments, to finance development or other economic activity within designated “Recovery Zones” (areas designated as experiencing significant poverty, unemployment, rates of home foreclosures or general economic distress). The Board of Supervisors designated the entire County as a Recovery Zone on January 26, 2010, and the County received an allocation of \$181.0 million in Economic Development Bond authorization.
- Several proposals to expand the scope and extend the issuance timeframes of ARRA bonds are being developed and reviewed by the federal government. Any revisions to ARRA financing provisions will be incorporated into the Capital Projects/Refurbishments Budget.

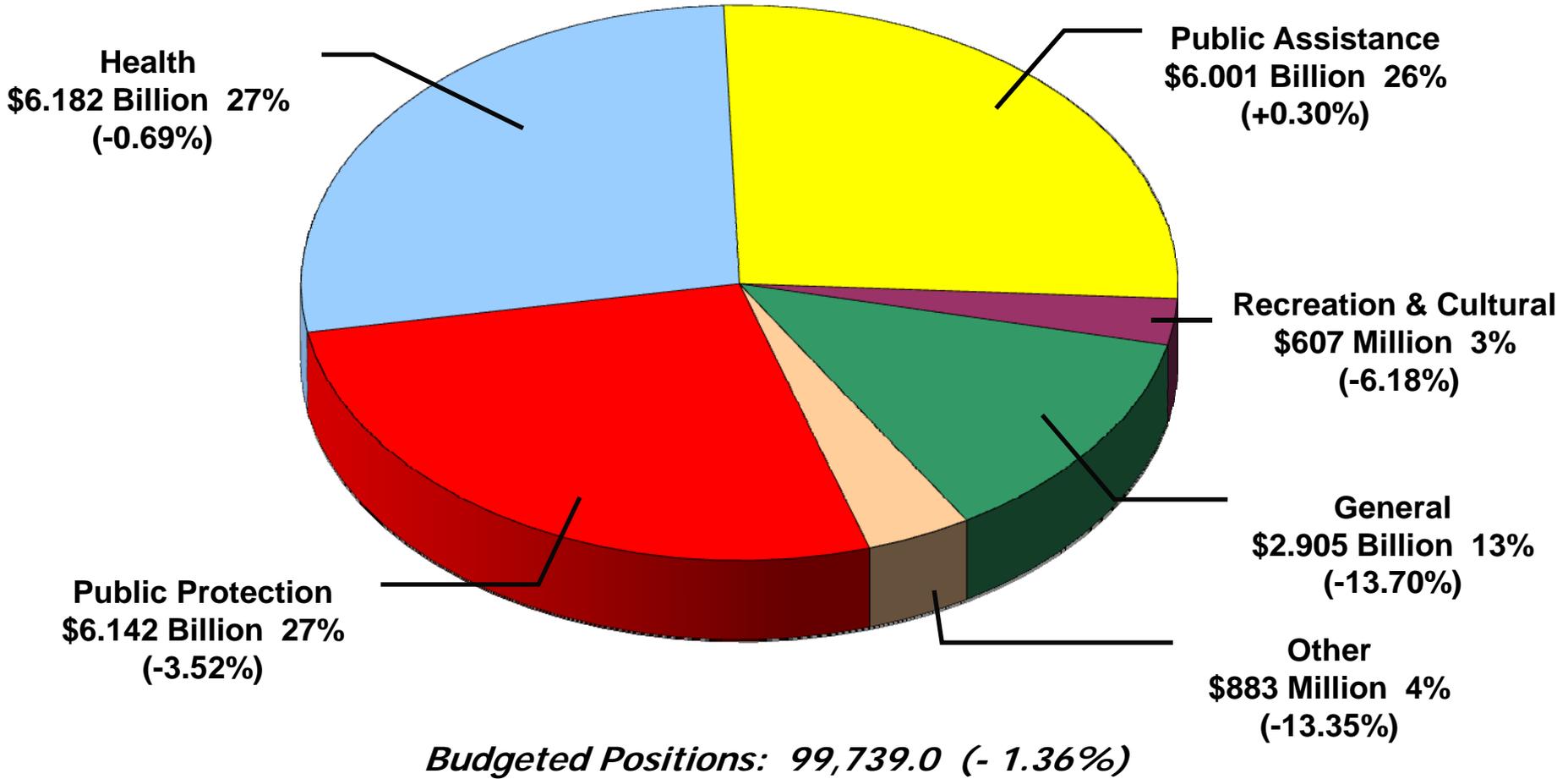
2010-11 Budget Calendar



Event	Date
Proposed Budget Released	April 20, 2010
Public Hearings	May 12, 2010
Budget Deliberations	Beginning June 7, 2010 until conclusion

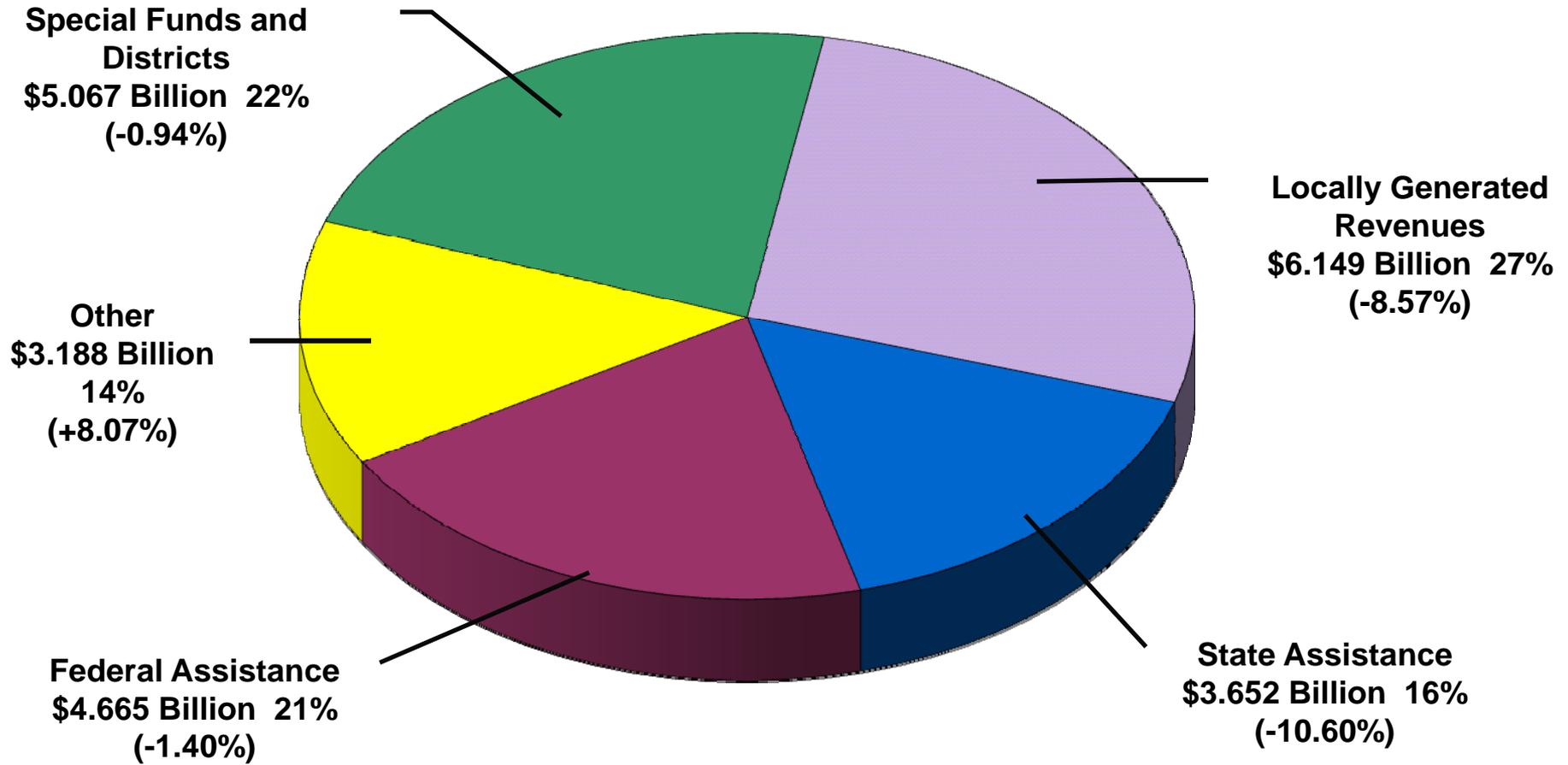
Total Cost By Function

\$22.721 Billion (- 3.75%)



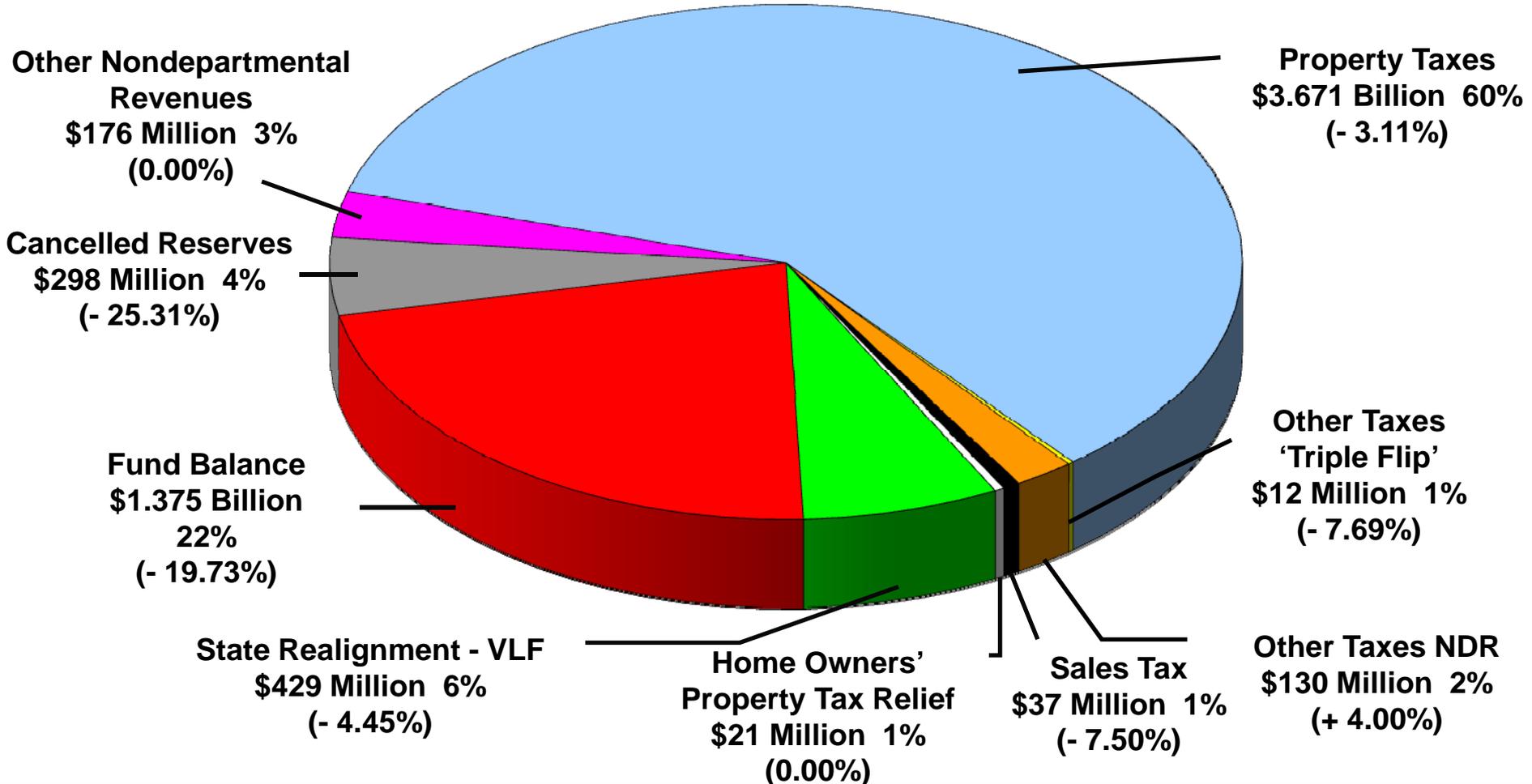
Total Revenue

\$22.721 Billion (- 3.75%)



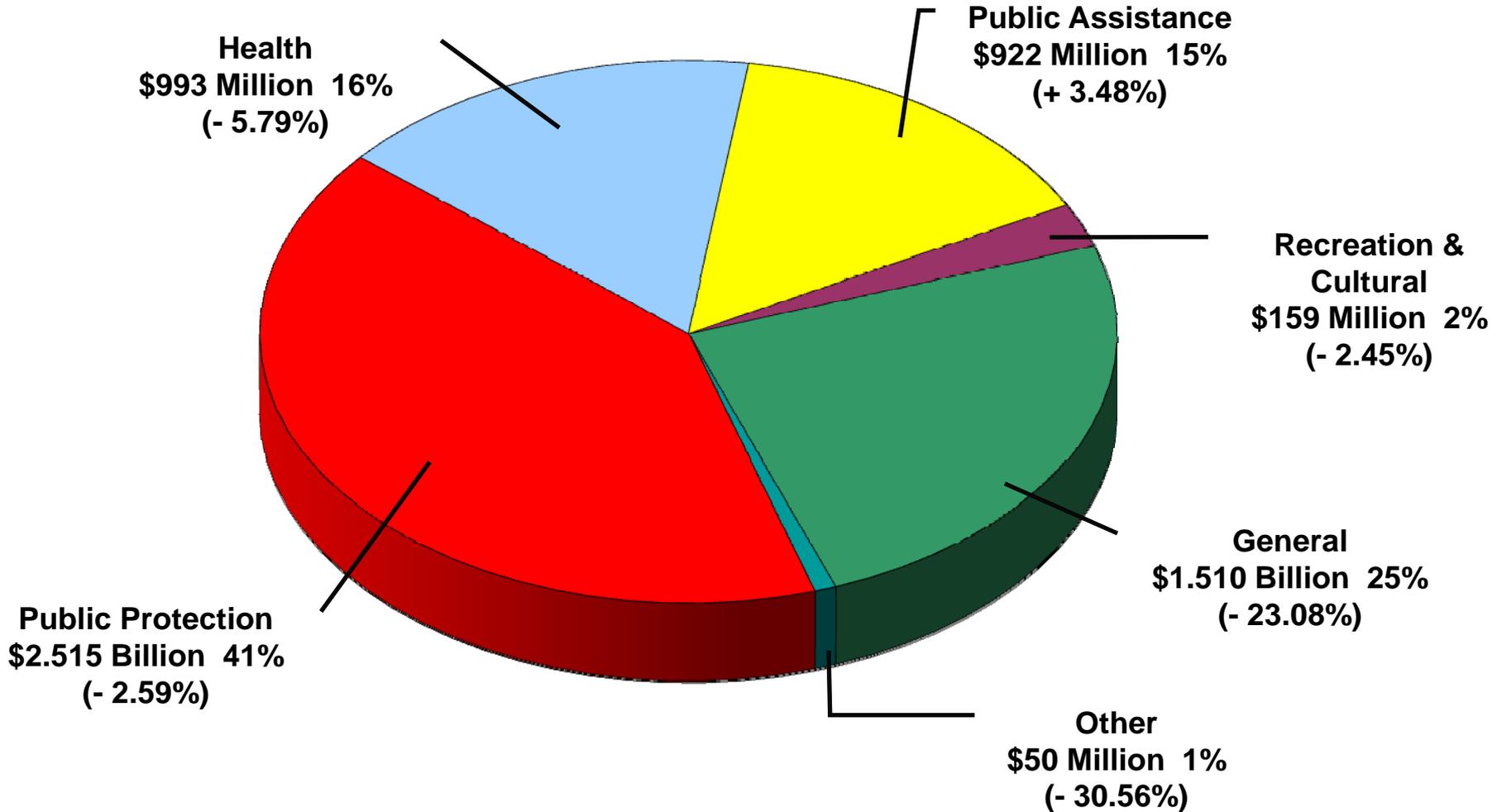
Locally Generated Revenues

\$6.149 Billion (- 8.57%)

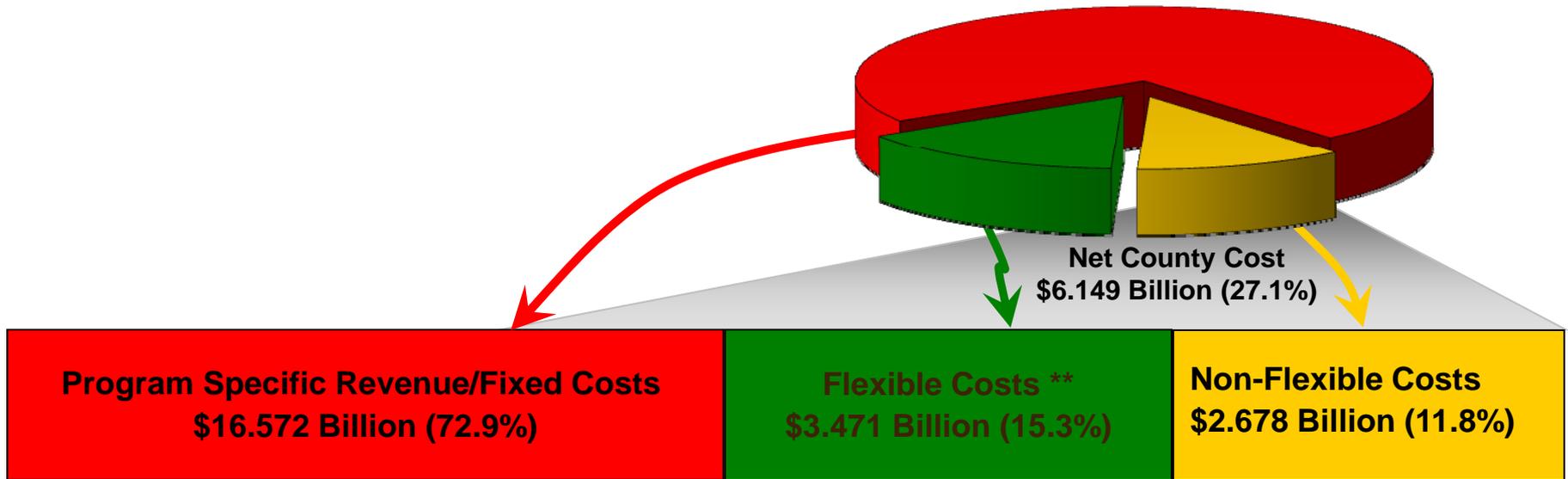


Net County Cost By Function

\$6.149 Billion (- 8.57%)



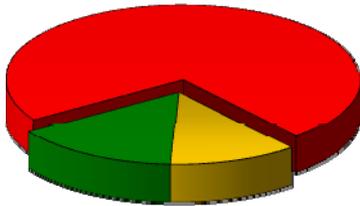
Total Proposed Budget \$22.721 Billion *



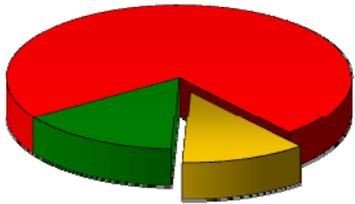
Mandated vs. Discretionary Cost

- * Excludes major interfund transfers of revenue that would artificially inflate the size of the total County budget
- ** Flexible Costs include one-time only expenditures and mandatory functions with discretionary service levels

**Program Specific Revenue/Fixed Costs
\$16.572 Billion (72.9%)**



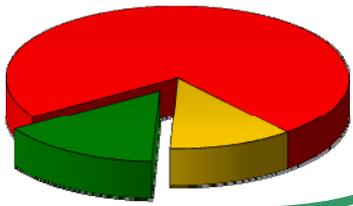
(\$ in millions)		
Health/Social Services	\$	8,952.6
Property Tax Administration	\$	89.2
Proposition 172 - Public		
Safety Augmentation Fund	\$	519.1
Sheriff	\$	439.7
District Attorney	\$	79.4
Special Funds/Districts	\$	5,066.8
Revenues That Offset Costs	\$	1,796.4
Trial Court Funding	\$	148.2



Non-Flexible Costs
\$2.678 Billion (11.8%)

MOE & Mandatory Costs/Services \$2.614 Billion (11.5%)	
Alternate Public Defender	\$ 52.5
District Attorney - Criminal	\$ 60.9
Health/Mental Health	\$ 589.9
Other Court Related	\$ 258.2
(Includes Indigent Defense of \$59.9)	
Probation - Other	\$ 278.9
Public Defender	\$ 167.5
Social Services	\$ 802.9
Sheriff	\$ 403.4

Other Non-Flexible Costs \$63.5 Million (0.3%)	
Grand Jury	\$ 1.7
Judgments & Damages/Insur.	\$ 19.7
Museums Obligation	\$ 42.1



Flexible Costs
\$3.471 Billion (15.3%)

Public Protection	
\$1.264 Billion (5.6%)	
Community-Based Contracts	\$ 2.8
Coroner	\$ 25.0
District Attorney- Criminal	\$ 136.4
Emergency Preparedness	\$ 4.8
Fire - Lifeguards	\$ 24.7
Information Systems	
Advisory Body	\$ 0.2
Probation – Camps/Support Services	\$ 201.7
Sheriff	\$ 868.5

All Other Costs	
\$2.207 Billion (9.7%)	
Agr. Comm./Wts. & Measures	\$ 9.1
Animal Care and Control	\$ 17.8
Capital Projects	\$ 698.7
Consumer Affairs	\$ 5.1
Countywide Services	\$ 109.2
Extraordinary Maintenance	\$ 81.4
General Government	\$ 419.6
Health-Drug Court	\$ 1.8
Health-GF Contribution	\$ 287.1
Health-Tobacco	\$ 102.0
Health/Mental Health-Others	\$ 55.2
Homeless Services	\$ 39.7
Other Public Services	\$ 63.5
Parks and Recreation	\$ 103.9
Project & Facility Developm.	\$ 49.3
Provisional Financing Uses	\$ 89.0
Other Recreation and Cultural	\$ 14.6
Regional Planning	\$ 15.6
Reserves/Designations	\$ 44.8

Unincorporated Area Services Program Summary

Gross Appropriation: \$1,397.68 Million

